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GAIN Report

Global Agricultural Information Network

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India

LIVESTOCK AND PRODUCTS ANNUAL

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Report Highlights:

India's CY 2010 buffalo meat production is forecast to increase by five percent to 2.7 million tons due to the price competitiveness of Indian meat and expected sustained demand from meat-importing countries. CY 2010 buffalo meat exports are forecast to grow marginally to 680,000 tons (CWE) assuming no major drop in demand from existing export markets due to the global economic recession. Current GOI regulations prohibit imports of live animals as well as poultry, ovine, caprine, and swine meat and meat products from the United States. Bovine germplasm from the United States has limited market access.

Commodities:

Select

Author Defined:**SECTION I: SITUATION AND OUTLOOK****Production**

The cattle ^[1] population for CY 2010 is forecast lower at 281.1 million head, continuing the multi-year declining trend as drought conditions prevail in some Indian states. Declines are lead by a failing dairy cow population, while the buffalo population has increased.

Small and marginal farmers mainly rear cows and buffaloes as a sustained means of livelihood. Buffaloes are popular because they can be used for milk production, quality meat, and also as a work animal. Buffalo maintenance costs are lower than dairy cows. Buffalo milk is high in fat and therefore attracts a premium in the Indian market, as consumers prefer high-fat milk. India has the well-known 'Murrah' variety of buffalo, which has a high milk yield, withstands diverse weather conditions, and gains body weight on readily available green fodder. Buffalo carcasses have less fat and bone and a higher proportion of muscle than Indian cow carcasses.

Meanwhile, indigenous breeds of non-descript cattle have lower milk yields and cow slaughter is not legally permitted in most states. For these reasons, the buffalo population has increased while the cow population has decreased in the past several years. India is estimated to have 57 percent of the world's buffalo population.

Buffalo meat production for CY 2010 is forecast to grow by five percent to 2.7 million tons (CWE) because it is cost competitive compared to other meat products in India. CY 2009 buffalo meat production is also forecast up by five percent at 2.6 million tons (CWE) compared to CY 2008. Multiple uses for buffaloes and favorable export demand have driven the increase in buffalo meat production. The demand for Indian buffalo meat is gradually growing in exports markets due to cost competitiveness, lean character, and perceived organic nature. Indian exporters are optimistic that the global economic recession will not impact meat exports from India as buffalo meat is very cost competitive in international markets. Among all categories of meat, poultry meat is the fastest growing animal protein in India. The average growth rate for

buffalo meat production is impressive at around five percent. Sheep and goat meat production has remained stagnant and supply has failed to keep pace with increasing demand. As a result, goat and sheep meat is the most costly meat among all categories.

The feed and fodder requirements for dairy animals and other livestock are primarily met by green fodder and home-made mixtures. Out of the total production of coarse grains (maize, bajra, sorghum, millet, etc.); about 10 percent is currently utilized for livestock feeds. The use of compound feed for meat production is limited in India as most meat production is confined to the unorganized sector. As a result, India's increase in food and input prices has not hit the buffalo meat sector as dramatically as it has touched the poultry and dairy sectors.

Nonetheless, prices of grain byproducts, oilmeals and fodder have increased steadily for the past several months. Additionally, most Indian states are experiencing dryness due to late monsoon rains. Therefore, livestock production costs may increase if current conditions persist. Some small and marginal farmers may also resort to distress sales of animals, leading to longer term supply concerns.

The animal husbandry and fisheries sector employs 36.94 million people. According to the Central Statistical Organization of the Government of India (CSO), the value of output (at current prices) from the livestock and fisheries sector was around \$70 billion during the Indian Financial Year (IFY) 2007/08. Additionally, the contribution of livestock and fisheries sectors to the total GDP was 5.21 percent during IFY 2007/08. India globally ranks ^[2] first in buffalo population, second in cattle and goats, third in sheep, fourth in ducks, fifth in chickens and sixth in camel population.

Production Policy

A large segment of the meat production sector is unorganized and production policies in the animal husbandry sector are mainly focused on dairy development. However, due to the increased interest from the meat industry, the government has supported development of the meat sector. Additionally, the Ministry of Food Processing Industries (MFPI) has proposed a "Grant in Aid" scheme for the modernization of abattoirs, which is a high priority area. The modernization of abattoirs is a comprehensive scheme scheduled for the eleventh five-year plan (2007-2012).

The GOI launched a National Meat and Poultry Processing Board (NMPPB) in February 2009. The NMPPB will act as a national hub for addressing all key trade issues related to the meat

and poultry processing sector. The board will be initially funded by the government for the first two years and will be later managed by the industry. The main objective of the board is to regulate and promote the meat industry and help producers and manufacturers by serving as a single-window service provider. The GOI has also proposed a financial outlay of \$250 million to fund the program 'Salvaging and Rearing of Male Buffalo Calves' with the purpose of increasing meat production during the eleventh five year plan (2007-12).

Animal slaughter for domestic consumption is mainly carried out either in small corner shops or in slaughterhouses approved by the municipal corporation (a local regulatory body). According to the Animal Husbandry database of the Department of Animal Husbandry, Dairying and Fisheries (DADF), there are a total of 5,520 recognized and 4,707 unrecognized slaughterhouses in the country as of 2006.

Livestock trading in India is done in state government regulated livestock markets. Supervision of the markets' direct operations is the responsibility of local authorities such as municipal corporations. Some markets are also privately owned. Their regulation falls under the model Agricultural Produce Marketing Act's (APMC) provision for running private livestock markets.

The processed meat sector, formerly regulated by the Ministry of Food Processing Industries (MOFPI), is now regulated by the Food Safety and Standards Authority of India (FSSAI) through the Meat and Meat Products Order (MFPO), 1973 (http://www.fssai.gov.in/MFPO%201973-Amended%20_English_.pdf , <http://www.fssai.gov.in/mfpoamend.pdf>). The MFPO contains standards for the licensing of meat processors and regulates the standards for domestic production and sale of meat products. It also enforces sanitary maintenance of strict controls at all stages of meat (including fish and poultry) products production.

The Ministry of Health and Family Welfare regulates both domestic production and importation of meat and meat products, through the standards laid out in the Prevention of Food Adulteration Act and Rules (<http://mohfw.nic.in/pfa%20acts%20and%20rules.pdf>).

The export of raw meat (frozen/chilled) is regulated by Raw Meat (Quality Control and Inspection) Rules, 1992. The GOI regulates compliance with animal welfare and animal transportation rules through the Prevention of Cruelty to Animal Act, 1960. (<http://www.envfor.nic.in/legis/awbi/awbi01.pdf>).

According to the MOA, India is free from Rinderpest and Contagious Bovine Pleuro-pneumonia but physical surveillance is undertaken to ensure disease free status. A Foot-and-Mouth disease (FMD) control program is also being implemented in 54 districts in the country to control the disease with funding support from the central government, including the cost of vaccines.

Consumption

CY 2010 buffalo meat consumption is forecast to increase by six percent over last year to 2.1 million tons (CWE), as it is the least expensive of all meats available in the market. Buffalo meat and poultry are widely accepted meats among Indian consumers. Annual per capita buffalo meat consumption is estimated at 2.0 kilograms compared to 1.9 kilograms for poultry meat. Goat and sheep meat have a small market share in total meat demand because of low production and high prices. Indian consumers have a taste preference for goat and sheep meat, but supply has not kept pace with demand.

Cultural differences in India guide categorical meat consumption patterns. Per capita consumption of meat in India is below the international average because there is a large segment of the population that is strictly vegetarian (estimated to be 20 percent). According to the Ministry of Food Processing Industries, processing levels in buffalo meat (20 percent) and poultry (6 percent) are quite low as compared to most developed countries. Indian consumers prefer to buy fresh meat from wet markets for further processing at home.

Meat from buffaloes is primarily processed for exports. India has a total meat processing capacity of over one million MT per annum out of which 40 to 50 percent is actually utilized. The lack of sufficient cold chain infrastructure is one of the constraints to processing. Some of the large and medium sized organized players have ventured into modern meat retail shops, but more than 95 percent of the total meat sales are still estimated to be controlled by informal markets and street shops.

Note: The buffalo meat production and trade estimates for CY 2008 and CY 2009 have been revised to reflect new data and methodology.

Trade

Buffalo meat exports for CY 2010 are forecast to grow marginally to 680,000 tons (CWE) assuming sustained demand from existing export markets. Additionally, CY 2009 buffalo meat

exports are forecast at 675,000 MT, almost at the same level of last year. Cumulative global imports of buffalo meat, pork, and broiler meats are expected to decline in CY 2009 due to the global economic recession, restrictive trade policies, and changing market conditions. However, Indian exporters are optimistic that Indian buffalo meat demand will not be affected by the deterioration of the global economic situation because buffalo meat from India is still very cost competitive in the international markets. In addition to competitive pricing for Indian meat, increasing efforts by exporters to upgrade quality are expected to support export growth.

Indian buffalo meat is exported to more than 60 countries. Prominent among these are emerging markets in Africa (Angola, Congo, Cote D' Ivories, Gabon, Ghana etc.), CIS (Azerbaijan, Georgia, and Uzbekistan), and traditional markets such as Vietnam, Malaysia, Philippines, and the Middle East. Exporters are also working to gain market access in countries like Russia and Indonesia. Most meat exports to South Asian countries cater to demand for processed buffalo meat products due to high water holding capacity and good blending properties.

Over 90 percent of buffalo meat exports are boneless and the balance is shipped as carcasses. The buffalo meat share in total meat exports from India is more than 90 percent (in value terms), followed by a three percent share of goat and sheep meat and the rest comprised of poultry meat and animal casings. Exports of pork, poultry, and processed meat are almost negligible due to high costs, inadequate meat processing facilities, and infrastructural constraints (Please see table 3, 4 and 5 for additional details). India's poultry product exports are mainly comprised of eggs and egg powder due to their cost competitiveness and logistical advantages.

India's total export earnings during IFY 2007/08 were around two billion dollars from livestock and poultry products and 1.8 billion dollars from marine products. The export of meat and meat products is handled by 20 export-oriented integrated slaughter houses and meat processing plants registered with the Agricultural Processed Food Products Export Development Authority (APEDA, <http://apeda.com/>), Ministry of Commerce and Industry. Additionally, there are about 35 meat processing and packaging units (out of which 22 are registered with APEDA), which source dressed carcasses from the government approved municipal slaughter houses for export.

Trade Policy

Current GOI regulations prohibit imports of live animals as well as poultry, ovine, caprine and swine meat and meat products from the United States. Bovine germplasm from the United States also has limited market access.

The Livestock Importation Act, 1898 regulates the importation of livestock and livestock products. Details on the Livestock Importation Act can be viewed at: <http://www.dahd.nic.in/>. The Ministry of Agriculture (MOA) has notified the procedure for the import of livestock products through an official gazette notification (<http://dahd.nic.in/order/livestockimport.doc>) dated July 7, 2001.

The MOA notified import protocols for fishery products on October 16, 2001 and for grandparent stock of poultry on November 27, 2001. These protocols include a requirement for a sanitary import permit (SIP) for the import of all livestock products and grandparent stock of poultry. For the import of livestock products, an applicant has to apply at least 30 days in advance with form A/B (given in the notification with the following link: <http://www.dahd.nic.in/index2.htm>). The sanitary import permit is issued after conducting a risk analysis based on the disease situation of the exporting country.

Additionally, on March 28, 2008, the MOA released an amendment to the July 7, 2001 notification on livestock products import procedures. The detailed text version of this regulation can be accessed at: <http://www.dahd.nic.in/>.

The GOI has prohibited importation of live ruminants (cattle, buffalo, sheep, and goat), embryos, ruminant meat and meat products, and pet food from TSE positive countries. The details of this notification can be accessed at: <http://www.dahd.nic.in/index2.htm>.

The import of equines is regulated by the MOA's import guidelines for equine species of animals notified through an official Gazette notification (<http://www.dahd.nic.in/index2.htm>), dated April 2, 2009. The MOA's import protocol restricts the import of equines from contagious equine metritis (CEM) positive countries. Please see GAIN report IN9052 for additional details.

The GOI extended the ongoing prohibition on imports of specified live animals and livestock products from all countries reporting Highly Pathogenic Avian Influenza (HPAI) and Low Pathogenic Avian Influenza (LPAI) until six months following the date of notification (February 9, 2009). More details on this notification can be seen in GAIN report IN9022.

The Ministry of Law and Justice released an official gazette notification on March 20, 2009 called 'The Prevention and Control of Infectious and Contagious Diseases in Animals Act, 2009'. The act will regulate the prevention, control and eradication of infectious diseases in animals, prevent the outbreak and spread of disease from one state to the other, and meet international obligations for facilitating the import and export of animals and animal products, and other related issues. Please see GAIN report IN9059 for additional details on this regulation.

On June 24, 2009, the Ministry of Agriculture released the final veterinary health certificate for the import of hides and skins (cattle, buffalo, sheep, goat, horse and camel) through an official gazette notification. This import regulation will be implemented on October 23, 2009 (GAIN report IN9106). Imports of hides and skins will be permitted under the old requirements (notification no. S.O. 794(E), dated March 28, 2009) until October 23, 2009. Alternatively, imports of hides and skins accompanied by the final veterinary certificate (dated July 24, 2009) will also be permitted.

Germplasm Trade Regulations

The final import protocol including the procedures and conditions stipulated by the Ministry of Agriculture (MOA) for bovine semen was released on September 5, 2007. The MOA has also prepared guidelines for the import and export of bovine germplasm to ensure that a regulatory procedure is set up for processing received import and export applications. The Ministry of Agriculture revised these guidelines on July 24, 2009 and the detailed text version can be accessed from: <http://www.dahd.nic.in/>. The new guidelines allow for the import of sexed semen, young bulls, and early pregnant heifers according to their specified import requirements. However, various quality requirements specified under these import guidelines greatly restrict the scope of product that the U.S. is able to export and significantly raises the cost of imported semen. Therefore, many low-income Indian producers have limited access to quality imported semen, which could benefit their herd health and production. For additional details on the new bovine germplasm guidelines, please see GAIN report IN9101. The MOA also released a veterinary certificate for the import of bovine embryos into India in April 2009. Additional details on the bovine embryo import protocol can be seen in GAIN report IN9056.

The Planning Commission's report on Animal Husbandry and Dairying for the Eleventh Five Year Plan (2007-12) has noted the poor genetic potential for indigenous livestock. It is estimated that around 70-75 percent of the indigenous cattle and buffalo population cannot be

categorized under any well-defined breed and their milk yields are much lower than any pure dairy breed available in India. Additionally, the productivity level of most defined indigenous breeds is less than 1,000 kgs per head. Therefore, the GOI is developing policies in favor of new breeding programs and of an organized artificial insemination breeding network. This effort is expected to lead to increased demand for non-native germplasm for producing quality crossbred animals.

Section II: STATISTICAL TABLES (Part I)

Please see the attachment 'Livestock PSD'.

Section III: STATISTICAL TABLES (Part II)

Please see the attachment 'Figures and Tables for Livestock Report'.

Section IV: OTHER RELEVANT REPORTS

Report No.	Title
IN8131	Dairy and products annual
IN9022	Government extends ban on imports of livestock products due to avian influenza
IN9052	GOI regulates the import of equine species of animals into India
IN9056	GOI releases veterinary certificate for the import of bovine embryos
IN9059	GOI releases prevention and control of infectious and contagious diseases in animals act 2009
IN9063	GOI permits the entry of specific livestock products through Hyderabad airport
IN9072	Amendment to India's import protocol on bovine semen
IN9078	The GOI's final veterinary certificate for the import of hides and skins revised
IN9101	Amendment to guidelines for import and export of bovine germplasm
IN9106	Implementation of the final hides and skins import certificate deferred

^[1] Cattle population includes buffalo and dairy cattle.

^[2] Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture (MOA)